

**MINUTES OF THE REGULAR MEETING OF JULY 13, 2015**  
**OF**  
**PUBLIC UTILITY DISTRICT NO. 1**  
**OF**  
**THURSTON COUNTY, WASHINGTON**

The first regular meeting for July 2015 of the Commissioners of Public Utility District No. 1 was called to order on Monday, July 13, 2015, at 921 Lakeridge Way SW, Suite 301, Olympia WA 98502, commencing at 6:30 p.m. Commissioners Russell Olsen, Linda Oosterman, and Chris Stearns were present. Also present were John Weidenfeller, the District's General Manager (GM), Julie Parker, the District's Chief Financial Officer (CFO), Kim Gubbe, the District's Operations Manager (OM), Joe Rehberger, Chief Legal Counsel, and Kurin Rosado, Clerk to the Board.

**Call to Order: Commissioner Olsen called the regular meeting to order at 6:30 p.m. The Pledge of Allegiance was recited by all present.**

**Approval of Agenda: Commissioner Oosterman made a motion to approve the agenda as presented; Commissioner Stearns seconded, all in favor.**

**Consent Calendar:**

Approval of Minutes: June 23, 2015

Prequalification of Contractors – Small Works Roster: KCL Excavating

SMA Contracts: None

Correspondence: None

Travel Approvals: None

Voucher Approval:

    Accounts Payable: June 24, 2015, July 1, 2015

    Payroll: July 6, 2015

Resolution: None

Other: Declaration of Emergency and Waiver of Competitive Bidding Requirements for the Prairie Ridge Water System

    Declaration of Emergency and Waiver of Competitive Bidding Requirements for the Valley Meadows Water System

**Commissioner Stearns made a motion to approve the Consent Calendar as presented; Commissioner Oosterman seconded, all in favor.**

**Public Comments:**

Jack and Pat Coffey, customers of the Elk Heights water system in Orting, were in attendance to speak with the Commissioners regarding permission to drill an irrigation well for their property. Mr. and Ms. Coffey would primarily use the well to irrigate an empty lot they own, and they must obtain permission from Thurston PUD prior to obtaining approval from other agencies or beginning the project. The Commissioners will review the provided documentation and respond accordingly.

**Public Hearing for Establishing the Fair Market Value of the Country Meadows East No. 2 Water System:**

At 6:07 p.m., Commissioner Olsen opened the Public Hearing for establishing a Fair Market Value (FMV) for the Country Meadows East No. 2 water system. There are 16 connections on the system; the system was combined to a Group A from two Group B systems prior to the District assuming ownership of the system. After analyzing the value of the system, it is recommended that the FMV be established at \$10,000.

Four customers of the Country Meadows East No. 2 water system were in attendance for the Public Hearing. John Horton, a Country Meadows East No. 2 water system homeowner, was concerned about the proposed FMV amount, set by the Commissioners, versus costs of the system to the PUD. Several customers from the system are concerned with the rate increase. Mr. Horton suggested an extension for the Country Meadows customers at their former Utilities and Transportation Commission (UTC) rates, but GM

Weidenfeller explained that customers from this system would be billed at the PUD rates, a change which became effective July 1.

A letter was sent to Country Meadows East No. 2 customers in May, giving a specific timeline for the purchase and sale agreement for the water system. Several owners are interested in purchasing the system, but an extension for closing and transfer of the water system is requested through October 31, 2015. The customers are looking into several issues involved in purchase of the system, including forming a homeowners association, and researching how to address some issues staff has put forth (e.g. capacity issues, etc.).

The Public Hearing was closed at 6:51 p.m. and the regular meeting was resumed.

**Discussion Items:**

**Information of Discussion of Operations/Policy Issues:**

**WPUDA Meeting in Kitsap County**

The WPUDA Association meetings for July are scheduled for July 15 through July 17 at the Suquamish Resort in Kitsap County. GM Weidenfeller will be attending the meeting along with Commissioners Oosterman and Stearns.

**Rate Stabilization Adjustment Discussion**

CFO Parker reviewed the impact of customer consumption on revenue for the first time this year (to be completed twice annually) to respond to deviations between projected and actual revenues due to sales variations. The review of customer consumption through June 2015 shows that water sales are coming in as per projections, and no adjustment is required at this time.

**Discussion of the Public Hearing for Establishing the Fair Market Value of the Country Meadows East No. 2 Water System**

GM Weidenfeller provided a memorandum compiled by legal Counsel to the Commissioners and staff. The reimbursable past costs of acquiring the Country Meadows East No. 2 water system, the first basis of determining the FMV, total \$4,345.38. Assets of the system, the second basis for determining FMV, are valued at \$6,500: water rights account for \$2,500 and the utility lot is assessed at \$4,000. The PUD will not recognize any value assigned for goodwill or profit potential. It is the opinion of legal counsel that the FMV determination be \$10,800 (rounded).

**Discussion of the Skookumchuck Flat Rate**

During the June 26 Commission meeting, a flat rate for the Skookumchuck Maintenance water system customers was established at \$50 per month. This rate will be in effect until the system is metered plus two months. It is expected that the properties will be metered by the end of summer 2016.

Customers of the Skookumchuck Maintenance system are primarily retired citizens who are not expected to use much water. PUD staff reviewed the cash flow requirements to meet debt service needs and recommended to the Board that the flat rate be lowered to \$42 per month to accommodate the new customers, who will also have lots on a ready to serve rate. Once metered, after a two month period to let the customers get used to metered rates, all customers will pay metered rates.

**Discussion of the General Manager's Evaluation**

The Commissioners agreed to enter into an Executive Session at the end of the meeting for the General Manager's evaluation.

**Action Items:**

**Resolution 15-22 Revised Skookumchuck Flat Rate**

Adoption of Resolution 15-22 would establish a flat rate of \$42 per month for customers of the Skookumchuck Maintenance water system once acquired. The flat rate would remain in effect until the properties are metered, plus two months. Commissioner Stearns made a motion to amend Resolution 15-22 to establish the flat rate at \$42 per month through the end of 2015 and increase the flat rate by the same percentage as regular rates for 2016; the motion did not receive a second vote and therefore failed.

**Commissioner Oosterman made a motion to approve Resolution 15-22 as presented; Commissioner Olsen seconded the motion; all in favor.**

**Resolution 15-23 Approval of a Fair Market Value for the Country Meadows East No. 2 Water System ID No. 62021 B**

As presented, approval of Resolution 15-23 would establish the FMV of the Country Meadows East No. 2 water system at \$10,800, plus or minus a 20 percent deviation. **Commissioner Oosterman made a motion to amend the presented resolution to establish the Fair Market Value of the Country Meadows East No. 2 water system at \$10,000 with no deviation; Commissioner Olsen seconded the motion; Commission Stearns opposed.**

A letter was sent to Country Meadows East No. 2 customers in May regarding ownership of their water system. The letter specifies a timeline for entry into the purchase and sale agreement of the system, as well as closing and transfer of ownership to the customers (August 31, 2015). Mr. Rehberger couldn't find any disadvantages to extending the timeline by 60 days, as requested by the Country Meadows customers. **Commissioner Oosterman made a motion to extend the closing and transfer of the water system date to October 31, 2015; Commissioner Olsen seconded the motion; all in favor.**

**Legal Report:** None

**Presentations:**

**Staff Presentations:**

**General Manager's Report:** John Weidenfeller, General Manager

GM Weidenfeller provided a written report. The next Telecommunications Work Group meeting is scheduled for July 21 at the WPUA building in Olympia. GM Weidenfeller reported that the Cougar Mountain water system may or may not be acquired by the District based on the community's wishes and the progress in working out the issues associated with the transfer of ownership to the PUD.

**Operations Manager's Report:** Kim Gubbe, Operations Manager

OM Gubbe provided a written report. OM Gubbe reported a line leak at the Elk Heights water system, where several customers have been concerned about the loss of water. A circuit breaker was replaced at the Prairie Ridge system to prevent any future outages. Mr. Bob Coker is the new President for the Tanglewilde Parks and Recreation District Board.

**Chief Financial Officer's Report:** Julie Parker, Chief Financial Officer

CFO Parker will provide a written report during the second meeting of July.

**Commissioner Topics, Discussion and Reports:**

Commissioner Stearns would like to change the date of the next meeting, scheduled for Tuesday, July 28. Staff will need to advertise to cancel the meeting scheduled for July 28 and reschedule it on Friday, July

31 at 4:00 p.m.. The meeting will be held following the PUD picnic scheduled at Burfoot Park in Olympia. The second meeting for July will begin at 4:00 p.m. and is expected to last only a few minutes.

Commissioner Oosterman had nothing to report.

Commissioner Olsen has been contacted by several members of the public interested in the telecommunications project. He attended the Thurston Regional Planning Council (TRPC) meeting.

Commissioner Olsen called for a short break prior to the start of the Executive Session.

**At 8:30 p.m., Commissioner Olsen announced that the Board would enter an Executive Session to review the performance of a public employee as authorized by RCW 42.30.110 (1)(g) for 10 minutes. At 8:40 p.m., it was announced in the public area that the Executive Session would continue for five more minutes. At 8:45 p.m., the Executive Session was adjourned and the regular meeting was continued. No decisions were made.**

**Commissioner Olsen made a motion to extend the July 31 evaluation period end date (which includes a written evaluation and compensation discussion) for the General Manager to August 31, 2015; Commissioner Stearns seconded the motion; all in favor.**

**Summary of Assignments:**

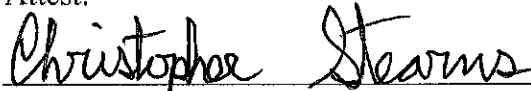
1. Follow up with Mr. and Ms. Coffey regarding the proposed irrigation well for their property.
2. Schedule one or more Executive Sessions for the Commissioners to continue the evaluation of the General Manager.
3. Advertise for a change in meeting dates -- the second meeting in July will be rescheduled to July 31, 2015 at 4:00 p.m.

**Adjournment: Commissioner Oosterman made a motion to adjourn the meeting; Commissioner Olsen seconded; all in favor. The meeting was adjourned at 8:47 p.m.**



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Russell E. Olsen, Commissioner and President

Attest:



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Chris Stearns, Commissioner and Secretary